

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE**

IN THE MATTER OF THE APPLICATION)
OF DELMARVA POWER & LIGHT COMPANY)
FOR APPROVAL OF MODIFICATIONS TO) PSC DOCKET NO. 06-285F
ITS GAS COST RATES)
(FILED AUGUST 31, 2006))

ORDER NO. 7039

AND NOW, to-wit, this 3rd day of October, A.D., 2006, Delmarva Power & Light Company ("DP&L" or "the Company"), having, on August 31, 2006, filed with the Commission the above-captioned application seeking approval to modify its Gas Cost Rates and confirmation of calculations related to "true-up" costs and credits associated with its Large Volume Gas service and "electing" customers under its Medium Volume Gas service;

AND, the Commission having determined, pursuant to 26 Del. C. §§ 303, 304, and 306, that the proposed Gas Cost Rates and other requested modifications to the Company's tariffs should be permitted to become effective, but subject to refund, for usage on and after November 1, 2006 with proration pending further review and a final decision by the Commission; now, therefore,

IT IS ORDERED:

1. That, pursuant to 26 Del. C. §§ 301, 303, 304, and 306, the proposed changes to Gas Cost Service rates, and accompanying proposed tariff revisions, set forth in the application filed by Delmarva Power & Light Company on August 31, 2006, are allowed to go into effect for gas usage on or after November 1, 2006, with proration, pending a final

decision of the Commission. Such rates shall be subject to refund depending upon such final decision.

2. That Ruth Ann Price is designated as the Hearing Examiner for this docket pursuant to 26 Del. C. § 502 and 29 Del. C. ch. 101. Hearing Examiner Price shall schedule and conduct such public evidentiary hearings as may be necessary or appropriate to develop a full and complete record concerning this matter. Hearing Examiner Price shall thereafter report to the Commission her proposed findings and recommendations based on the evidence presented. James McC. Geddes, Esquire, is designated as Rate Counsel for this matter.

3. That Delmarva Power & Light Company shall give public notice of the filing of this application with the proposed rate changes, and this action by the Commission, by publishing notices in the form attached hereto as Exhibit "A" in two-column format, outlined in black, in the legal classified section of The News Journal newspaper on October 12 and 13, 2006. Delmarva Power & Light Company shall submit proof of such publication as soon as possible, but no later than the commencement of the evidentiary hearings concerning this matter.

4. That Delmarva Power & Light Company is hereby put on notice that it will be charged the costs incurred in connection with this proceeding under the provisions of 26 Del. C. § 114(b)(1).

5. That the Commission reserves the jurisdiction and authority to enter such further Orders in this matter as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:

/s/ Arnetta McRae
Chair

PSC Docket No. 06-285F, Order No. 7039 Cont'd.

/s/ Joann T. Conaway
Commissioner

/s/ Jaymes B. Lester
Commissioner

/s/ Dallas Winslow
Commissioner

/s/ Jeffrey J. Clark
Commissioner

ATTEST:

/s/ Karen J. Nickerson
Secretary

E X H I B I T "A"

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION)
OF DELMARVA POWER & LIGHT COMPANY)
FOR APPROVAL OF MODIFICATIONS TO) PSC DOCKET NO. 06-285F
ITS GAS COST RATES)
(FILED AUGUST 31, 2006))

P U B L I C N O T I C E
OF CHANGES TO GAS COST RATES
FOR DELMARVA POWER & LIGHT COMPANY

**TO: ALL NATURAL GAS CUSTOMERS OF DELMARVA POWER & LIGHT
COMPANY, AND OTHER INTERESTED PERSONS**

Pursuant to 26 Del. C. §§ 303 and 304, Delmarva Power & Light Company ("DP&L" or the "Company"), has filed an application with the Public Service Commission (the "Commission") seeking to change its Gas Cost Rates ("GCR") in the following manner:

<u>Rate Schedules</u>	<u>Present</u>		<u>Proposed</u>	
	<u>GCR Demand Charge</u>	<u>GCR Commodity Charge</u>	<u>GCR Demand Charge</u>	<u>GCR Commodity Charge</u>
RG, GG and GL	N/A	118.384¢/ccf	N/A	106.972¢/ccf
Non-electing MVG	\$6.20/Mcf of Billing MDQ	\$11.0279/Mcf	\$9.98/Mcf of Billing MDQ	\$9.3298/Mcf
Electing MVG & LVG	\$6.20/Mcf of Billing MDQ	Varies	\$9.98/Mcf of Billing MDQ	Varies
Standby Service	\$6.20/Mcf of Standby MDQ	N/A	\$9.98/Mcf of Standby MDQ	N/A

In addition, the application asks the Commission to approve the Company's proposal that reconciles and trues-up actual versus estimated monthly WACCOG assignments for sales under the Large Volume Gas service and for so-called "electing" customers taking service under the Medium Volume Gas service.

The Commission has permitted the proposed Gas Cost Rates and other rate related modifications to go into effect for gas services on or after November 1, 2006, pending further review and a final Commission decision. Such rates will be subject to refund depending on the Commission's final decision. The Commission's final action on this application will be based upon the evidence presented at duly-noticed evidentiary hearings to be held at a later date.

Any person, group, or entity who wishes to participate formally as a party in this docket (PSC Docket No. 06-285F), with the right to submit evidence and to be represented by counsel, must, in accordance with Rule 21 of the Commission's Rules of Practice and Procedure, petition the Commission for leave to intervene. Such petitions must be filed with the Commission at 861 Silver Lake Boulevard, Cannon Building, Suite 100, Dover, Delaware 19904 on or before November 6, 2006. Petitions received thereafter will not be considered except for good cause.

Copies of the application, and the testimony and schedules DP&L has filed to support its proposals, are available for public inspection during normal business hours at the Commission's Dover office at the address set out above. The materials can also be reviewed, by appointment, at the offices of the Division of the Public Advocate, Fourth Floor, Carvel State Office Building, 820 North French Street,

Wilmington, Delaware. Please call (302) 577-5077 for an appointment to review the materials.

Any individual with a disability who wishes to participate in these proceedings or to review the filings should contact the Commission to discuss any aids or services that might be needed. The Commission Staff can also provide more information about this matter. The Commission's toll-free telephone number within Delaware is 1-800-282-8574. The Commission can also be reached at (302) 739-4333 (including text telephone communications). Inquiries can also be sent to the Commission by Internet e-mail to "funmi.jegede@state.de.us."